

ARGUMENT AGAINST PROPOSITION 46

What do families, major corporations and governments have in common? They all collapse when they have too much debt. California is already on the brink of bankruptcy and now is not the time to be going further into debt.

Passing bonds only adds to the state's debts. Here is a snapshot of California's current situation:

- A \$24 billion budget deficit this year.
- \$26.9 billion in current general obligation bonds outstanding.
- \$11 billion in energy bonds that have yet to be sold.
- A \$13 billion school bond on this ballot.

In the past two years, California has borrowed or approved more than \$12.9 billion in 27 different bonds. Paying it back, however, will cost you a whole lot more.

Bonds are the government's equivalent of a high-interest credit card. Government borrows money and then taxpayers pay back that debt, meaning increased taxes, rates and fees. Even worse, your children will be paying off this bond long after the money has been spent.

With every pile of debt California takes on, our credit rating drops, and our interest rates go up—forcing you to pay even more for government's mistakes and whims.

So why is this particular housing bond not a good idea?

Unfortunately it does little to truly address housing issues in California.

This bond has a \$2.1 billion face value. It will cost you at least \$3.5 billion to pay it off. Of this \$2.1 billion, only \$290 million, about 15%, is put into the "Self-Help" fund that is supposed to help low-income, first-time homebuyers with down payments, supposedly a major selling point for this bond. Of that, only \$12.5 million is actually going to be used

to help with down payments. To make matters worse, to get a part of the \$12.5 million (one half of one percent of the bond) first-time homebuyers have to purchase their houses in government approved locations. None of these areas are the high-income areas where it is so hard to purchase a home. This program only applies to major urban centers and many of the least desirable places to live and raise children. So—the very small piece of this bond that is supposed to help you buy a house has so many strings that you will probably never qualify.

If we want to improve housing availability in California, we first need to make it easier to construct new homes. We need to reduce the red tape that homebuilders have to go through to build new housing and make it easier to build condominiums. This bond does NOTHING to address the barriers that exist to providing affordable, abundant housing in California.

Sacramento politicians hope you will overlook their fiscal mismanagement and allow California to go further into debt without forcing them to confront the true reasons we do not have adequate housing. Do not allow this. Vote no and force Sacramento to set priorities and address this crisis in a responsible way.

SENATOR RAY HAYNES, *Chair*

State Senate Constitutional Amendments Committee
ASSEMBLYMAN ANTHONY PESCE, *Vice-Chair*

Assembly Utilities and Commerce Committee
JON COUPAL, *President*

Howard Jarvis Taxpayers Association

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 46

Our opponents want you to believe that the solution to our emergency shelter and affordable housing problem for seniors, low-income families and battered women is to ignore the problem while the cost and consequences get even more severe.

Let's set the record straight: Proposition 46 will NOT require a tax increase and will be paid for by existing state funds. Additionally, taxpayers are protected by independent audits to ensure that the programs are carried out as promised.

The emergency shelter and affordable housing problems are getting worse.

"Last year, 23,000 women and children were turned away from domestic violence centers due to inadequate space. More and more senior citizens are homeless or forced into nursing homes, because they cannot afford rent increases. Our homeless shelters are overflowing and most don't have special facilities for families with children."—Dallas Jones, Director, California Office of Emergency Services

We represent a broad cross section of Californians who believe that Proposition 46 is a prudent and measured response to an emergency shelter and affordable housing situation that is in crisis.

That is why Proposition 46 is endorsed by these diverse groups:

- AARP
- California State Sheriffs Association
- California Chamber of Commerce
- League of Women Voters of California
- Statewide California Coalition for Battered Women
- California Nurses Association
- California Teachers Association
- California Professional Firefighters
- Congress of California Seniors

Proposition 46 provides shelter for our most vulnerable Californians: the elderly, disabled, homeless families, battered women and children. Please vote YES on 46.

TOM PORTER, *State Director*

AARP

PETE MAJOR, *Executive Director*

Habitat For Humanity, Orange County

DAN TERRY, *President*

California Professional Firefighters